



Irish Life Weekly Investment Bulletin

The week that was – WEEK 45 (ending 04/11/2016)

“The world is wide, and I will not waste my life in friction when it could be turned into momentum.” – Frances E Willard

Irish unemployment rate falls to 8-year low – According to new data published by Central Statistics Office (CSO) the seasonally adjusted unemployment rate fell to 7.7% in October 2016 (6.2% for women and 9.0% for men) from 7.9% in September and from 9.2% in October 2015. This is the lowest rate since October 2008.

Irish business sentiment stabilises in 3rd quarter after sharp 2nd quarter fall – After a large post-Brexit fall in the KBC Bank/Chartered Accountants Ireland business sentiment index during the summer, the index increased slightly to 101.1 in Quarter 3 from 99.9 at end of 2nd Quarter after the absence of a severe shock.

Fed signals U.S. December rate rise likely – The Federal Open Market Committee left interest rates as they were at its November meeting but hinted strongly that an increase is likely at the December meeting, saying the case for a rate rise has strengthened but are waiting for further evidence of recovery before acting.

Global stock market down 2.5% on the week – The World stock market (MSCI AC World) had a -2.54% return from 28th October to 4th November amid extra volatility caused by uncertainty regarding the potential result of U.S. presidential election. The Volatility Index (VIX) increased to 21.5 from 15.25 over the week.

BOE leave U.K. interest rate on hold – The Bank of England's rate-setting Monetary Policy Committee voted to hold rates at their record low of 0.25% and there was not one dissenting vote among the nine-member panel. This was not a surprise after a better-than-expected resilience in the economy post-Brexit vote decision.

China's manufacturing PMI grows at fastest pace in over 2 years – The official manufacturing Purchasing Managers' Index (PMI) for the world's number-two economy came in at 51.2 for October - the highest level since July 2014 - compared to 50.4 in September. A Reuters poll of 26 analysts had forecast a 50.4 repeat.

The Story of the week: Two Australian ‘impostors’ managed to bluff their way into an 18-hole international golf tournament in North Korea by posing as world-class golfers and part of an Australian national golfing team. Evan Shay and Morgan Ruig, both 28 and from Brisbane, had been visiting China to play in a polo tournament when they decided to apply for the North Korea Amateur Golf Open in Pyongyang. To their surprise their application was successful, and the pair decked themselves out in official-looking green jackets and proceeded to finish second-last.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 04/11)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-11.6
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	11.0
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-7.1
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	3.9
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	0.8
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-11.2
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	7.2
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	-0.2
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.8
German	1.8	1.4	1.9	0.5	0.6	0.2
UK	2.0	1.9	3.0	1.9	1.9	1.2
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.7
Italy	7.1	4.6	4.1	2.1	1.6	1.7
Greece	31.7	12.7	8.2	9.6	7.9	7.3
Portugal	13.4	6.9	6.1	2.7	2.5	3.2
Spain	5.1	5.4	4.1	1.6	1.7	1.2
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.11
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.89
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.24
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	8.5 (to end of Q3)
U.K.	8.1	2.7	10.7	17.8	13.1	1.3 (to end of Q3)
U.S.	14.5	5.3	11.4	11.2	12.1	4.1 (to end of Q2)

*Past performance is not a reliable guide to future performance